

NORTH OGDEN CITY
Financial Statements - June 30, 2005
(With Auditors' Report Thereon)

NORTH OGDEN CITY

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Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditors' Report

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Ogden City, as of and for the year ended June 30, 2005 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of North Ogden City as of June 30, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2005 on our consideration of North Ogden City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Crane, Christensen & Ambrose P.C.

December 9, 2005

North Ogden City, Utah

Management's Discussion and Analysis

for fiscal year ending June 30, 2005

INTRODUCTION

This section of North Ogden City's annual financial report presents our discussion and analysis of the City's financial performance and activities for the fiscal year ending June 30, 2005. Beginning in fiscal year 2004, the City implemented new financial reporting standards established by GASB (Governmental Accounting Standards Board). These new standards significantly changed the content and structure of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The section introduces the City's Basic Financial Statements and includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information.

The government-wide financial statements are comprised of: 1) the Statement of Net Assets, and 2) the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Assets shows the overall net assets of the City. Over time, increases and decreases in net assets are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities).

North Ogden City's business type activities include water, sewer, storm water, and garbage operations. North Ogden City's internal service funds include general motor pool and police motor pool operations.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types, each of which uses a different accounting approach. The two types are 1) Governmental Funds and 2) Proprietary Funds.

Governmental Funds – Most of the City's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements.

Proprietary Funds – North Ogden City uses two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. North Ogden City has four enterprise funds – water, sewer, storm water, and solid waste. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains two internal service funds to account for its fleet activities. Because these services predominantly benefit government rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Differences between Government-Wide and Fund Statements

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes found within these financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and fund financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The largest component of the City's net assets, 81.5 percent, reflects investments in capital assets (land, buildings, machinery and equipment, improvements, and other infrastructure) less all, outstanding debt that was issued to buy or build those assets. This is an increase from last years 75.9 percent. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net assets are subject to external restrictions on how they may be used. Last years restricted net assets comprised 6.7% percent of total net assets. This year it is relatively insignificant at .0005%. The remaining 18.45% percent of net assets is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

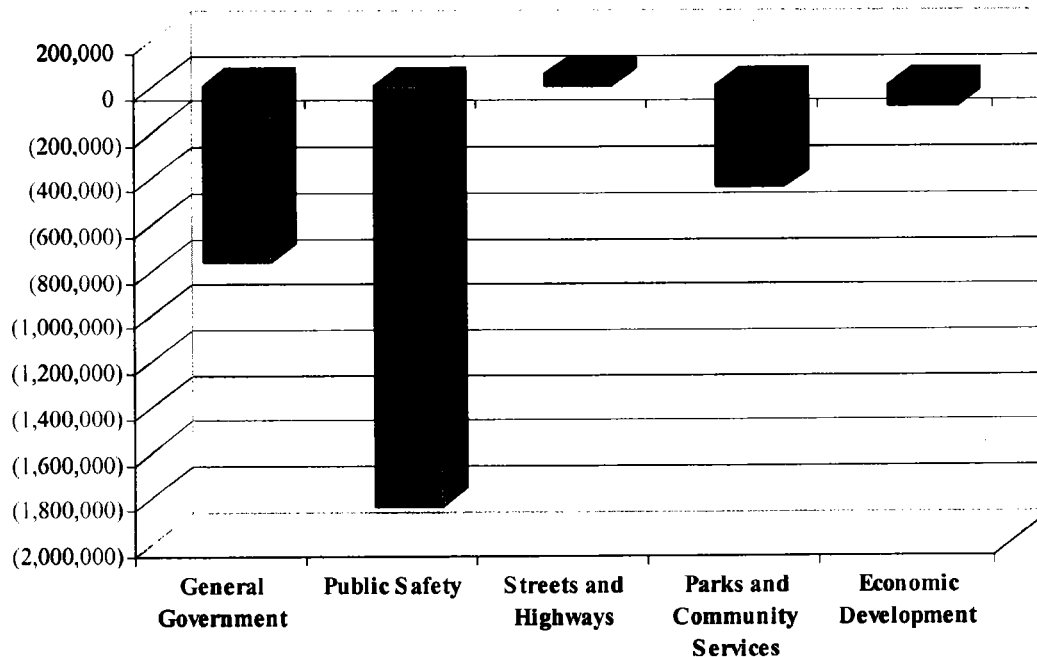
North Ogden City Statement of Net Assets June 30, 2005

Assets	Governmental Activities		Business Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Current & Other Assets	3,981,204	4,299,931	4,283,187	4,282,123	8,264,391	8,582,054
Capital Assets (net)	14,258,638	8,519,994	18,978,533	18,298,588	33,237,171	26,818,582
Total Assets	18,239,842	12,819,925	23,261,720	22,580,711	41,501,562	35,400,636
Liabilities						
Other Liabilities	1,455,768	923,657	178,377	36,227	1,634,145	959,884
Long-term Debt Outstanding	4,040,000	-	-	-	4,040,000	-
Total Liabilities	5,495,768	923,657	178,377	36,227	5,674,145	959,884
Net Assets						
Invested in capital assets, net of related debt	10,218,638	8,519,994	18,978,533	18,298,588	29,197,171	26,818,582
Restricted	17,430	1,689,859	-	-	17,430	1,689,859
Unrestricted	2,508,006	1,686,415	4,104,810	4,245,896	6,612,816	5,932,311
Total Net Assets	12,744,074	11,896,268	23,083,343	22,544,484	35,827,417	34,440,752

Governmental Activities

The activities in the governmental funds resulted in an increase in net assets of \$847,805, 32% less than the \$2,652,198 increase of last year. Part of this is due to a significant decrease of grant revenue. The following chart shows the relative net uses (expenses minus any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.

Governmental Activities Net Uses



The table below shows that program generated revenues which include charges for services, and operating grant and contributions, and capital grants and contributions, covered \$1,828,196 or 37.3 percent of the costs of the City's governmental activities. This is 10.1% less than last years program generated revenue. Taxes and other general revenues, which covered 55.4 percent of expenses last year, covered 62.7 percent of expenses. As stated earlier, this reflects the significant decrease in grant revenue this year.

<i>Activities</i>	<i>Total Program Expenses</i>	<i>Less Program Revenues</i>	<i>Net Program Costs</i>	<i>Program Revenues as a Percentage of Total Expenses</i>
General Govt	\$1,089,295	\$329,506	(\$759,789)	30.2%
Public Safety	\$2,276,818	\$442,294	(\$1,834,524)	19.4%
Public Works	\$676,719	\$728,493	\$51,774	107.7%
Community Services	\$769,553	\$327,903	(\$441,650)	42.6%
Economic Development	\$89,229	\$0	(\$89,229)	0.0%
<i>Totals</i>	<i>\$4,901,614</i>	<i>\$1,828,196</i>	<i>(\$3,073,418)</i>	<i>37.3%</i>

Business-Type Activities

Business-type activities such as water and sewer are generating sufficient revenue to cover operating costs. The storm water activity however, is generating only 92.5 percent of the revenues needed to cover expenses while solid waste is generating only 85.3 percent of the revenues needed to cover expenses. Fees charged for these activities are being analyzed for probable increases.

North Ogden City Statement of Activities June 30, 2005

Revenues	Governmental Activities		Business Type Activities	
	2005	2004	2005	2004
Program Revenues	1,828,196	2,068,071	2,736,591	2,964,930
General Revenues	3,921,223	5,174,871	579,909	501,518
Total Revenues	5,749,419	7,242,942	3,316,500	3,466,448
Expenses				
Governmental	4,901,614	4,555,744	-	-
Business Type	-	-	2,777,640	2,608,839
Total Expenses	4,901,614	4,555,744	2,777,640	2,608,839
Change in Net Assets	847,805	2,687,198	538,860	857,609
Net Assets - Beginning of Year	11,896,269	9,209,070	22,544,483	21,686,875
Net Assets - End of Year	12,744,074	11,896,268	23,083,343	22,544,484

CAPITAL ASSETS AND LONG-TERM DEBT

North Ogden City added \$5,738,644 in new capital assets in governmental activities during the fiscal year - \$3,578,845 in buildings (New Aquatic Center and Renovated Municipal City Building), \$1,041,240 in infrastructure (curb, gutter, sidewalks, roads and parking lot), \$898,823 in land and park improvements, and \$219,736 in machinery and equipment. This is \$2,081,692 more than last years figure of \$3,656,952. The City issued \$4,040,000 in bond revenue bonds with a premium of \$95,958 and issuance costs of \$88,414 for a net of \$4,047,546 as described in the 'Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities'. These bonds were issued to build a new Aquatic Center scheduled for completion early next fiscal year.

North Ogden City invested \$359,265 in new capital assets such as property and equipment and had \$321,437 in contributed capital assets in business-type activities during the fiscal year - \$99,824 in Water, \$87,403 in Sewer, and \$134,210 in Storm Water. The City also sold or disposed of capital assets of \$10,755 in the Internal Service Funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

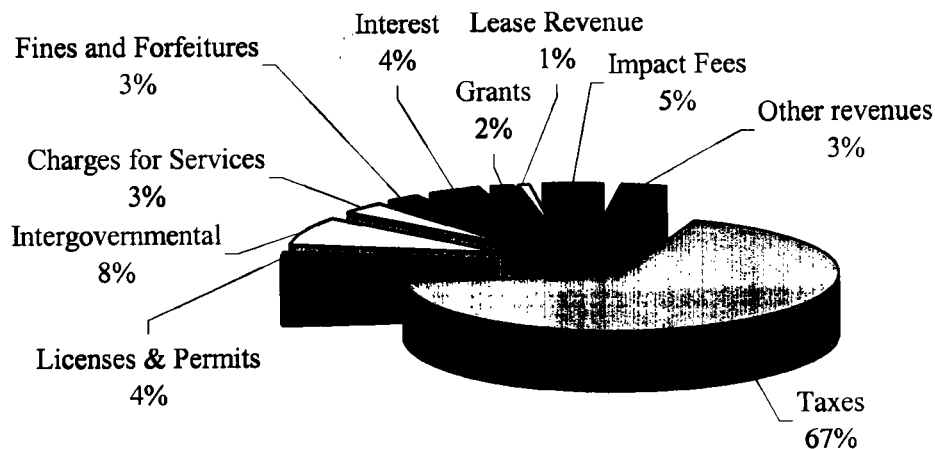
Fund Balances

At June 30, 2005, North Ogden City's governmental funds reported combined fund balances of \$1,436,461, a \$685,486 decrease from last fiscal year. Most of that reduction was from last year's restricted funds for street projects, which were completed in this fiscal year. Of this year's fund balance, \$649,637 or 45.2 is reserved for specific purposes and projects. The remaining \$786,824 or 54.8% is unreserved.

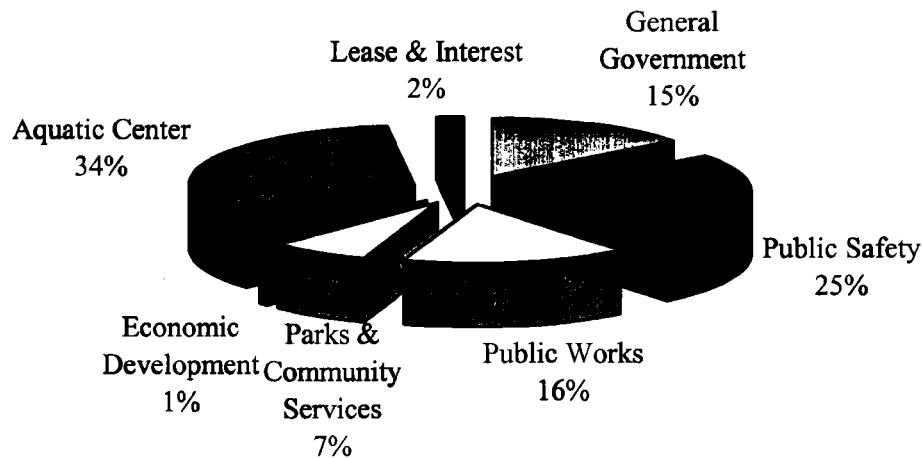
General Fund

During 2005, the fund balance in the general fund decreased by \$1,103,801. Much of that is the result of a \$663,892 decrease in grants, a \$333,956 decrease in intergovernmental revenue, a \$150,000 decrease in lease revenue and a \$105,251 decrease in impact fees. The grant revenue was discussed earlier and impact fees are being analyzed for probable increases. Total general fund revenue was up \$62,347 or .01%. Total general fund expenditures (excluding transfers and financing sources) were up \$319,924 or 7%.

General Fund Revenue Sources



General Fund Expenditures



General Fund Budgetary Highlights

North Ogden City prepares its budget according to state statutes. The most significant budget is the General Fund. The City amended the General Fund budget two times during the year to meet the needs of the departments as issues arose. The budget was increased by \$255,313. The increase was necessary mainly to cover equipment replacement purchases, startup costs for the aquatic center and increases in building maintenance on the renovated old senior building to the new municipal city building.

Actual General Fund revenues were \$5,077,357 or 2.5% above the original budget and \$70,651 or 1.4% above the final budget. Actual expenditures were \$4,639,980 or 8% below the original budget and \$627,766 or 13.5% below the final budget. As stated earlier, the City intentionally drew upon existing fund balance in the General Fund to cover specific expenditures.

RDA Fund

During the fiscal year, the fund balance in the Redevelopment Agency Fund increased \$116,620, reducing the fund's deficit by 19.5%. Most of the revenues came from property taxes.

Capital Projects Fund

During the fiscal year, the fund balance in the Capital Projects Fund increased by \$665,766 to \$456,556. Major expenditures included \$3,312,490 for the construction of an aquatic center, \$347,108 for the renovation of the old senior center into the new municipal city building, \$176,239 in land and park improvements, and \$830,886 in street projects. The City received \$239,320 in park impact fees.

Enterprise Fund

The combined change in net assets of the enterprise fund shows an increase of \$538,860 or 2.4% from the previous year.

OTHER MATTERS**Current and Future Projects**

The following paragraph was included in last years MD&A. However, since it was not completed at the end of this fiscal year I am leaving it in for information purposes and will update it in next years report.

The City issued bonds in the amount of \$4,040,000 for the construction of a new Aquatic Center featuring the MYRTHA Pool System. The Aquatic Center will include a 10,889 sq. ft. leisure pool featuring interactive toys, water spray, and water slide, a 3,000 sq. ft. splash pad with toys, a lazy river, and a 6-lane lap pool with dive well. Although the City pledged sales tax revenue, the debt will be paid with RDA tax increment monies. Operational costs of the pool will be funded with facility operating revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of North Ogden City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Debbie Cardenas
Finance Director
505 E 2600 N
North Ogden UT 84414

NORTH OGDEN CITY

Statement of Net Assets

June 30, 2005

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Fire Agency	Senior Citizens
Assets:					
Cash and cash equivalents	\$ 2,806,649	3,518,627	6,325,276	1,276,531	40,624
Restricted cash with agent	940,763	-	940,763	121,373	-
Accounts receivable	422,370	248,242	670,612	58,551	-
Internal balances	(516,318)	516,318	-	-	-
Due from other governments	200,000	-	200,000	9,598	-
Prepays	43,749	-	43,749	-	-
Deferred charges (net)	83,991	-	83,991	30,650	-
Capital assets:					
Land and related non-depreciable assets	3,118,179	159,493	3,277,672	91,250	-
Buildings	7,499,140	324,649	7,823,789	1,590,008	-
Depreciable infrastructure and improvements	2,597,131	23,501,051	26,098,182	-	-
Park improvements	1,306,433	-	1,306,433	-	-
Machinery and equipment	3,001,412	1,777,439	4,778,851	1,125,221	-
Less accumulated depreciation	(3,263,657)	(6,784,099)	(10,047,756)	(786,102)	-
Total capital assets	14,258,638	18,978,533	33,237,171	2,020,377	-
Total assets	18,239,842	23,261,720	41,501,562	3,517,080	40,624
Liabilities:					
Accounts payable and accrued liabilities	882,824	8,059	890,883	5,432	-
Compensated absences	104,172	34,763	138,935	49,807	-
Accrued interest payable on bonds	26,444	-	26,444	-	-
Due to other governments	39,667	-	39,667	200,000	-
Deposits	85,831	180	86,011	-	-
Deferred revenue	225,670	135,375	361,045	-	-
Bond issue premium (net)	91,160	-	91,160	-	-
Noncurrent liabilities:					
Amount due within one year	160,000	-	160,000	69,000	-
Due in more than one year	3,880,000	-	3,880,000	1,127,000	-
Total liabilities	5,495,768	178,377	5,674,145	1,451,239	-
Net assets:					
Invested in capital assets, net of related debt	10,218,638	18,978,533	29,197,171	824,377	-
Restricted for:					
Liquor	17,430	-	17,430	-	-
Unrestricted	2,508,006	4,104,810	6,612,816	1,241,464	40,624
Total net assets	\$12,744,074	23,083,343	35,827,417	2,065,841	40,624

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Activities

Year Ended June 30, 2005

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General government	\$ 1,089,295	328,756	750	-
Public safety	2,276,818	344,870	97,424	-
Streets and highways	676,719	11,684	451,879	264,930
Parks and recreation	769,553	302,603	25,300	-
Economic development	89,229	-	-	-
Total governmental activities	<u>4,901,614</u>	<u>987,913</u>	<u>575,353</u>	<u>264,930</u>
Business-type:				
Water	1,064,184	991,678	-	99,824
Sewer	560,854	544,376	-	87,403
Storm water	419,475	253,837	-	134,210
Solid waste	733,127	625,263	-	-
Total business-type activities	<u>2,777,640</u>	<u>2,415,154</u>	<u>-</u>	<u>321,437</u>
Total primary government	<u>\$ 7,679,254</u>	<u>3,403,067</u>	<u>575,353</u>	<u>586,367</u>
Component units:				
Fire agency	\$ 1,184,036	1,184,651	17,442	-
Senior citizens	10,051	7,003	4,035	-
Total component units	<u>\$ 1,194,087</u>	<u>1,191,654</u>	<u>21,477</u>	<u>-</u>
General revenues:				
Property tax				
Sales tax				
Franchise and energy tax				
Total taxes				
Interest earned				
Other general revenues:				
Miscellaneous				
Sale of assets				
Transfers - internal activities				
Total other general revenues				
Total general revenues				
Change in net assets				
Net assets - beginning of year				
Net assets - end of year				

See independent auditors' report and notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	North View Fire Agency	North View Senior Citizens
(759,789)	-	(759,789)	-	-
(1,834,524)	-	(1,834,524)	-	-
51,774	-	51,774	-	-
(441,650)	-	(441,650)	-	-
(89,229)	-	(89,229)	-	-
<u>(3,073,418)</u>	<u>-</u>	<u>(3,073,418)</u>	<u>-</u>	<u>-</u>
-	27,318	27,318	-	-
-	70,925	70,925	-	-
-	(31,428)	(31,428)	-	-
<u>-</u>	<u>(107,864)</u>	<u>(107,864)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(41,049)</u>	<u>(41,049)</u>	<u>-</u>	<u>-</u>
<u>(3,073,418)</u>	<u>(41,049)</u>	<u>(3,114,467)</u>	<u>-</u>	<u>-</u>
-	-	-	18,057	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>987</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,057</u>	<u>987</u>
1,698,256	-	1,698,256	-	-
1,414,811	-	1,414,811	-	-
819,995	-	819,995	-	-
<u>3,933,062</u>	<u>-</u>	<u>3,933,062</u>	<u>-</u>	<u>-</u>
170,006	9,229	179,235	24,384	445
39,875	339,366	379,241	789	-
10,602	(1,008)	9,594	2,557	-
(232,322)	232,322	-	-	-
<u>(181,845)</u>	<u>570,680</u>	<u>388,835</u>	<u>3,346</u>	<u>-</u>
<u>3,921,223</u>	<u>579,909</u>	<u>4,501,132</u>	<u>45,787</u>	<u>1,432</u>
847,805	538,860	1,386,665	45,787	1,432
<u>11,896,269</u>	<u>22,544,483</u>	<u>34,440,752</u>	<u>2,020,054</u>	<u>39,192</u>
<u>\$12,744,074</u>	<u>23,083,343</u>	<u>35,827,417</u>	<u>2,065,841</u>	<u>40,624</u>

NORTH OGDEN CITY

Balance Sheet
Governmental Funds

June 30, 2005

<u>Assets</u>	<u>General Fund</u>	<u>RDA Fund</u>	<u>MBA Fund</u>	<u>CDBG Housing Rehab. Fund</u>	<u>Capital Projects</u>	<u>Total Government Funds</u>
Cash and cash equivalents	\$ 1,014,385	18,384	-	9,413	593,511	1,635,693
Restricted cash with fiscal agent	-	145,648	-	-	795,115	940,763
Accounts receivable	414,666	1,299	-	-	6,406	422,371
Due from other funds	672,719	-	-	-	-	672,719
Due from other governments	200,000	-	-	-	-	200,000
Prepaid assets	43,749	-	-	-	-	43,749
	<u>\$ 2,345,519</u>	<u>165,331</u>	<u>-</u>	<u>9,413</u>	<u>1,395,032</u>	<u>3,915,295</u>
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts payable	\$ 488,465	-	-	-	392,798	881,263
Compensated absences payable	57,365	-	-	-	-	57,365
Due to other funds	-	738,526	-	-	450,512	1,189,038
Due to other governments	22,500	-	-	-	17,167	39,667
Offsite improvement deposits	59,550	-	-	-	-	59,550
Street excavation deposits	24,231	-	-	-	-	24,231
Temporary business and solicitors deposits	2,050	-	-	-	-	2,050
Deferred revenue	123,403	24,268	-	-	77,999	225,670
Total liabilities	<u>777,564</u>	<u>762,794</u>	<u>-</u>	<u>-</u>	<u>938,476</u>	<u>2,478,834</u>
Fund equity:						
Fund balance:						
Reserved	649,637	-	-	-	-	649,637
Unreserved	918,318	(597,463)	-	9,413	456,556	786,824
Total fund equity	<u>1,567,955</u>	<u>(597,463)</u>	<u>-</u>	<u>9,413</u>	<u>456,556</u>	<u>1,436,461</u>
	<u>\$ 2,345,519</u>	<u>165,331</u>	<u>-</u>	<u>9,413</u>	<u>1,395,032</u>	<u>3,915,295</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

June 30, 2005

Total fund balance - governmental funds	\$ 1,436,461
Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported as assets in governmental funds. These assets consist of:	
Land and related non-depreciable assets	\$ 3,118,179
Buildings	7,161,574
Depreciable infrastructure and improvements	2,597,132
Depreciable park improvement	1,306,433
Machinery and equipment	945,554
Accumulated depreciation	<u>(1,844,477)</u>
Total capital assets	13,284,395
Deferred charges such as unamortized bond issue costs are not financial resources and are, therefore, not reported in governmental funds	83,991
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets.	2,142,642
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds payable	(4,040,000)
Net bond premium	(91,160)
Interest payable	(26,444)
Compensated absences and benefits	<u>(45,811)</u>
Total long-term debt	(4,203,415)
Total net assets - governmental activities	<u>\$12,744,074</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2005

	General Fund	RDA Fund	MBA Fund	CDBG Housing Rehab. Fund	Capital Projects	Total Government Funds
Revenues:						
Taxes	\$ 3,672,422	260,640	-	-	-	3,933,062
Licenses and permits	235,594	-	-	-	-	235,594
Intergovernmental	460,935	-	-	-	-	460,935
Charges for services	187,695	-	-	-	-	187,695
Fines and forfeitures	153,582	-	-	-	-	153,582
Interest	168,934	1,053	-	-	60,058	230,045
Other grants	89,247	-	-	-	-	89,247
Lease revenue	-	-	50,000	-	-	50,000
Impact fees	22,091	-	-	-	239,320	261,411
Other revenues	176,105	-	3,322	3,580	5,620	188,627
Total revenues	<u>5,166,605</u>	<u>261,693</u>	<u>53,322</u>	<u>3,580</u>	<u>304,998</u>	<u>5,790,198</u>
Expenditures:						
General government	1,044,782	-	150	-	347,108	1,392,040
Public safety	2,335,593	-	-	-	-	2,335,593
Streets and highways	702,380	-	-	-	830,886	1,533,266
Parks and recreation	557,225	-	-	-	126,239	683,464
Economic development	-	80,000	-	-	-	80,000
Aquatic center	-	-	-	-	3,312,490	3,312,490
Land lease Barker Park	-	-	-	-	50,000	50,000
Interest to other funds	-	69,268	-	-	-	69,268
Interest on bond	-	75,805	-	-	-	75,805
Total expenditures	<u>4,639,980</u>	<u>225,073</u>	<u>150</u>	<u>-</u>	<u>4,666,723</u>	<u>9,531,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>526,625</u>	<u>36,620</u>	<u>53,172</u>	<u>3,580</u>	<u>(4,361,725)</u>	<u>(3,741,728)</u>
Other financing sources (uses):						
Donations from private sources	750	-	-	-	25,300	26,050
Transfers from (to) other funds	(1,631,293)	80,000	461,273	-	954,645	(135,375)
Sale of assets	117	-	-	-	-	117
Proceeds from bond issue, net	-	-	-	-	4,047,546	4,047,546
Transfer land (to) general government	-	-	(882,097)	-	-	(882,097)
Total other financing sources (uses)	<u>(1,630,426)</u>	<u>80,000</u>	<u>(420,824)</u>	<u>-</u>	<u>5,027,491</u>	<u>3,056,241</u>
Net change in fund balances	(1,103,801)	116,620	(367,652)	3,580	665,766	(685,487)
Fund balances - beginning of year	<u>2,671,756</u>	<u>(714,083)</u>	<u>367,652</u>	<u>5,833</u>	<u>(209,210)</u>	<u>2,121,948</u>
Fund balances - end of year	<u>\$ 1,567,955</u>	<u>(597,463)</u>	<u>-</u>	<u>9,413</u>	<u>456,556</u>	<u>1,436,461</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2005

Net change in fund balance - total governmental funds	\$ (685,487)
 Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures (\$4,695,059). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$280,854). Capital outlays exceeded depreciation for the period.	4,414,205
The issuance of long-term debt provides current financial resources to governmental funds. During the year the City issued \$(4,040,000) in debt with bond issue costs of \$88,414 and premium on the sale of \$(95,958).	(4,047,546)
Governmental funds report the transfer of land held as inventory as an expenditure when transferred to general use. This is not treated as an expense in the statement of activities.	882,097
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the statement of activities.	264,930
Adjustments and asset retirements of general government capital assets are not reported in the fund statements but are reflected in the entity-wide statement of activities.	(270)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	8,303
Some revenue reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue of governmental premiums	377
Accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	(26,444)
Changes in compensated absences payable are treated as expenses in governmental statements, but are reductions or increases in liability in the statement of net assets.	<u>37,640</u>
Changes in net assets of governmental activities	<u>\$ 847,805</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Net Assets
Enterprise Funds

June 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	
Current assets:						
Cash	\$ 2,209,367	740,480	225,570	343,210	3,518,627	1,170,956
Accounts receivable	101,637	57,953	25,328	63,324	248,242	-
Due from RDA Fund 65	64,837	41,481	-	-	106,318	-
Due from MBA Fund	-	410,000	-	-	410,000	-
Total current assets	<u>2,375,841</u>	<u>1,249,914</u>	<u>250,898</u>	<u>406,534</u>	<u>4,283,187</u>	<u>1,170,956</u>
Non-current assets:						
Land	60,510	-	98,983	-	159,493	-
Building and structures	324,649	-	-	-	324,649	337,565
Water system and wells	12,538,151	5,173,650	5,789,250	-	23,501,051	-
Machinery and equipment	383,931	451,741	279,806	661,961	1,777,439	2,055,858
Accumulated depreciation	<u>(3,715,446)</u>	<u>(1,498,020)</u>	<u>(1,077,592)</u>	<u>(493,041)</u>	<u>(6,784,099)</u>	<u>(1,419,180)</u>
Total non-current assets	<u>9,591,795</u>	<u>4,127,371</u>	<u>5,090,447</u>	<u>168,920</u>	<u>18,978,533</u>	<u>974,243</u>
Total assets	<u>11,967,636</u>	<u>5,377,285</u>	<u>5,341,345</u>	<u>575,454</u>	<u>23,261,720</u>	<u>2,145,199</u>
Current liabilities:						
Compensated absences payable	9,679	3,981	8,177	12,926	34,763	996
Wages payable	4,070	996	2,441	552	8,059	1,561
Deferred revenue	-	-	135,375	-	135,375	-
Deposit for services	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>-</u>
Total current liabilities	<u>13,929</u>	<u>4,977</u>	<u>145,993</u>	<u>13,478</u>	<u>178,377</u>	<u>2,557</u>
Net assets:						
Invested in capital assets, net of related debt	9,591,795	4,127,371	5,090,447	168,920	18,978,533	974,243
Unrestricted	<u>2,361,912</u>	<u>1,244,937</u>	<u>104,905</u>	<u>393,056</u>	<u>4,104,810</u>	<u>1,168,399</u>
Total net assets	<u>\$11,953,707</u>	<u>5,372,308</u>	<u>5,195,352</u>	<u>561,976</u>	<u>23,083,343</u>	<u>2,142,642</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds

Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Operating revenues:						
Charges for services	\$ 949,892	537,178	253,837	614,863	2,355,770	573,002
Connection fees	41,786	7,198	-	-	48,984	-
Special fees to builders	-	-	-	10,400	10,400	-
Impact fees	128,047	9,731	144,593	-	282,371	-
Miscellaneous	51,479	-	-	5,516	56,995	-
Total operating revenues	<u>1,171,204</u>	<u>554,107</u>	<u>398,430</u>	<u>630,779</u>	<u>2,754,520</u>	<u>573,002</u>
Operating expenses:						
Salaries	271,510	44,788	126,466	39,031	481,795	92,360
Compensated absences	(3,807)	(1,939)	6,556	(1,093)	(283)	(466)
Employee benefits	96,917	19,025	48,680	12,598	177,220	29,223
Uniform allowance	2,683	360	7,274	(27)	10,290	-
Subscriptions and memberships	2,236	-	-	-	2,236	-
Public notices	219	-	-	-	219	-
Travel and conventions	3,978	310	-	-	4,288	1,189
Department supplies	58,906	1,814	8,246	354	69,320	7,310
Motor pool lease	65,590	26,236	13,840	4,373	110,039	-
Computer services	718	185	529	-	1,432	540
Blue stake services	1,411	-	-	-	1,411	-
Depreciation	378,094	133,555	176,182	46,169	734,000	168,800
Office expense	17,774	6,636	2,179	6,066	32,655	-
Mailing service	810	-	-	-	810	-
Engineering	29,003	-	13,444	-	42,447	-
Building maintenance	76	76	77	77	306	28,210
Preventative maintenance	16,673	-	760	-	17,433	-
Telephone and utilities	4,719	-	-	1,177	5,896	11,128
Power and pumping	38,699	-	-	-	38,699	-
Tax assessment	18,188	-	-	-	18,188	-
Water sample testing	7,443	-	-	-	7,443	-
Insurance	6,512	5,000	-	-	11,512	-
Bad debt	2,146	-	134	348	2,628	-
Collection expenses	1,620	398	-	-	2,018	-
Central Weber Sewer	-	241,319	-	-	241,319	-
Sewer charges - Ogden City	-	6,932	-	-	6,932	-
Landfill fees	-	-	-	233,757	233,757	-
WM contract	-	-	-	337,907	337,907	-
Mulching	-	-	-	29,778	29,778	-
Sewer system repairs	-	53,590	-	-	53,590	-
Vehicle repairs and maintenance	-	-	-	-	-	138,149
Safety and testing	-	-	-	-	-	2,064
Administrative services fee - general fund	42,066	22,569	15,108	22,612	102,355	-
Total operating expenses	<u>1,064,184</u>	<u>560,854</u>	<u>419,475</u>	<u>733,127</u>	<u>2,777,640</u>	<u>478,507</u>
Operating income (loss)	<u>107,020</u>	<u>(6,747)</u>	<u>(21,045)</u>	<u>(102,348)</u>	<u>(23,120)</u>	<u>94,495</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Continued
Enterprise Funds

Year Ended June 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	
Non-operating revenues (expenses):						
Interest income	\$ 5,628	3,601	-	-	9,229	-
Sale of assets	-	(715)	-	(293)	(1,008)	10,755
Transfer in from general fund	-	-	135,375	-	135,375	-
Transfer in from motor pool	-	-	96,947	-	96,947	(96,947)
Total non-operating revenues (expenses)	<u>5,628</u>	<u>2,886</u>	<u>232,322</u>	<u>(293)</u>	<u>240,543</u>	<u>(86,192)</u>
Capital contributed - builders	<u>99,824</u>	<u>87,403</u>	<u>134,210</u>	<u>-</u>	<u>321,437</u>	<u>-</u>
Change in net assets	212,472	83,542	345,487	(102,641)	538,860	8,303
Net assets - beginning of year	<u>11,741,235</u>	<u>5,288,766</u>	<u>4,849,865</u>	<u>664,617</u>	<u>22,544,483</u>	<u>2,134,339</u>
Net assets - end of year	<u>\$11,953,707</u>	<u>5,372,308</u>	<u>5,195,352</u>	<u>561,976</u>	<u>23,083,343</u>	<u>2,142,642</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows
Enterprise Funds

Year Ended June 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	<u>Funds</u>
Cash flows from operating activities:						
Cash received from utility customers	\$ 950,679	535,884	252,297	612,719	2,351,579	572,871
Cash received from other activities	221,312	16,929	144,593	15,916	398,750	131
Cash payments for payroll and benefits	(364,357)	(62,817)	(172,705)	(51,078)	(650,957)	(120,023)
Cash payments for goods and services	(321,470)	(365,425)	(61,591)	(636,422)	(1,384,908)	(188,590)
Payment of deposit for services	(1,000)	-	-	-	(1,000)	-
Net cash provided (used) by operating activities	<u>485,164</u>	<u>124,571</u>	<u>162,594</u>	<u>(58,865)</u>	<u>713,464</u>	<u>264,389</u>
Cash flows from investing activities:						
Interest received	5,628	3,601	-	-	9,229	-
Payment of interfund receivable	5,514	53,529	-	-	59,043	-
Purchase of interfund receivable	<u>460,000</u>	<u>(460,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>471,142</u>	<u>(402,870)</u>	<u>-</u>	<u>-</u>	<u>68,272</u>	<u>-</u>
Cash flows from non-capital financing activities:						
Transfer to other funds	-	-	232,322	-	232,322	(96,947)
Deferred revenue - Harrisville City	-	-	<u>135,375</u>	-	<u>135,375</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>367,697</u>	<u>-</u>	<u>367,697</u>	<u>(96,947)</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment purchases	(568,525)	(7,005)	(480,386)	(37,600)	(1,093,516)	(359,265)
Proceeds from capital asset sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,537</u>
Net cash used for capital and related financing activities	<u>(568,525)</u>	<u>(7,005)</u>	<u>(480,386)</u>	<u>(37,600)</u>	<u>(1,093,516)</u>	<u>(335,728)</u>
Net increase (decrease) in cash and cash equivalents	387,781	(285,304)	49,905	(96,465)	55,917	(168,286)
Cash and cash equivalents - beginning of year	<u>1,821,586</u>	<u>1,025,784</u>	<u>175,665</u>	<u>439,675</u>	<u>3,462,710</u>	<u>1,339,242</u>
Cash and cash equivalents - end of year	<u>\$ 2,209,367</u>	<u>740,480</u>	<u>225,570</u>	<u>343,210</u>	<u>3,518,627</u>	<u>1,170,956</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows - Continued
Enterprise Funds

Year Ended June 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 107,020	(6,747)	(21,045)	(102,348)	(23,120)	94,495
Adjustments to reconcile operating income to net cash provided by by operating activities:						
Depreciation	378,094	133,555	176,182	46,169	734,000	168,800
Decrease (increase) in receivables	787	(1,294)	(1,540)	(2,144)	(4,191)	-
(Decrease) increase in compensated absences or accounts payable	263	(943)	8,997	(542)	7,775	1,094
Decrease in deposits for services	(1,000)	-	-	-	(1,000)	-
Total adjustments	<u>378,144</u>	<u>131,318</u>	<u>183,639</u>	<u>43,483</u>	<u>736,584</u>	<u>169,894</u>
Net cash provided (used) by operating activities	<u>\$ 485,164</u>	<u>124,571</u>	<u>162,594</u>	<u>(58,865)</u>	<u>713,464</u>	<u>264,389</u>
Noncash investing, capital and financing activities:						
Capital contributions by developers	<u>\$ 99,824</u>	<u>87,403</u>	<u>134,210</u>	<u>-</u>	<u>321,437</u>	<u>-</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

North Ogden City was incorporated in 1934. The City operates under a traditional council/mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The financial statements of North Ogden City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present North Ogden City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units:

North Ogden Redevelopment Agency - The North Ogden Redevelopment Agency (RDA) is governed by the Mayor and City Council. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax.

North Ogden Municipal Building Authority - The Municipal Building Authority is governed by the Mayor and City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue revenue bonds for construction of buildings or purchase land which is leased to the City.

Discretely Presented Component Units:

North View Fire Agency - North View Fire Agency (formerly North View Fire Department) is a separate inter-local entity formed by the cities of North Ogden, Pleasant View and Harrisville to provide fire protection, emergency medical services and other related services to their citizens. The Agency is governed by an administrative board consisting of the mayors of each participating city. Because a majority of its operating fees for fire services comes from North Ogden City, it is considered to be economically dependent upon the City and is therefore reported with the City.

North View Senior Center - The North View Senior Center is a legally separate non-profit entity that provides classes and other activities for senior citizens of the North Ogden area. Although it is a separate entity from the City, it is reported with the City because it provides services almost exclusively for the City and is economically dependent on the City.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(1) Summary of Significant Accounting Policies - Continued

clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

Governmental Fund Types:

The City reports the following major governmental funds:

General fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds.

Special revenue funds - These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital projects funds - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

Proprietary Fund Types:

Enterprise funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates its water, sewer, storm drainage, and garbage fund as enterprise funds. Each is considered a major proprietary fund.

Internal service funds - The internal service funds are used to provide financing of goods and services provided by one department or agency to other departments or agencies of the government, or other governments on a cost-reimbursements basis. The City maintained internal service funds for motor vehicle fleet operations. Internal service funds are reported as a single column on the enterprise fund statements and are combined with governmental activities on the government-wide statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(1) Summary of Significant Accounting Policies - Continued

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The City applies only the applicable FASB pronouncements issued on or before November 30, 1989.

D. Budgets

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by North Ogden City Municipal Council on or before June 22nd for the following fiscal year which begins on July 1. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund desires to exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year end.

During the year, two supplemental amendments were made to the City's general fund budget in the amount of \$1,332,265.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	50 years
Water distribution system	50 years
Sewer collection system	50 years
Equipment and machinery	3-10 years
Infrastructure and other improvements	10-30 years
Wells and related structures	5-10 years
Trucks	4-10 years

F. Reservations of Fund Balance/Retained Earnings

The City is required to reserve part of the fund balance of the general fund to account for the unexpended portions of certain types of revenue and encumbrances. Reservation of fund balance is comprised of reserves for liquor of \$17,430 and redevelopment agency of \$632,207 totaling \$649,637 at June 30, 2005.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(1) Summary of Significant Accounting policies - Continued

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Deposits and Investments

Deposits and investments for North Ogden City are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the City's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The City's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's deposits at June 30, 2005 were \$1,487,967, of which \$1,287,792 were uninsured and uncollateralized.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City's investments at June 30, 2005:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 1,522,675	54 days*	not rated
PTIF Investments - Wells Fargo construction	4,107,695	54 days*	not rated
PTIF Investments - Wells Fargo debt service	<u>145,648</u>	54 days*	not rated
	<u>\$ 5,776,018</u>		

*Weighted-average maturity

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(2) Deposits and Investments - Continued

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Assets Held by Trustee

The balance of assets held by the fiscal agent in each fund (more fully described in note 5) at June 30, 2005 was as follows:

Bond debt service fund	\$ 145,648
Aquatic Center construction account	<u>795,115</u>
	<u>\$ 940,763</u>

The assets held by the fiscal agent consisted of the following at June 30, 2005:

Utah Public Treasurer's Investment Fund	<u>\$ 940,763</u>
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(4) Accounts Receivable

The City considers its utility fund accounts receivable to be substantially collectable and has therefore not recorded an allowance for doubtful accounts.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 2,236,082	882,097	-	3,118,179
Total	<u>2,236,082</u>	<u>882,097</u>	<u>-</u>	<u>3,118,179</u>
Capital assets being depreciated:				
Buildings and improvements	3,811,677	3,715,425	27,962	7,499,140
Infrastructure	1,503,235	1,095,816	1,920	2,597,131
Park improvements	1,264,343	42,090	-	1,306,433
Machinery and equipment	2,781,637	467,845	248,070	3,001,412
Total	<u>9,360,892</u>	<u>5,321,176</u>	<u>277,952</u>	<u>14,404,116</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(5) Capital Assets - Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,046,216)	(136,580)	(27,962)	(1,154,834)
Infrastructure	(31,341)	(52,817)	(161)	(83,997)
Park improvements	(26,127)	(25,364)	-	(51,491)
Machinery and equipment	(1,973,296)	(234,893)	(234,854)	(1,973,335)
Total	(3,076,980)	(449,654)	(262,977)	(3,263,657)
Capital assets being depreciated, net	<u>6,283,912</u>	<u>4,871,522</u>	<u>14,975</u>	<u>11,140,459</u>
Governmental activity capital assets, net	<u>\$ 8,519,994</u>	<u>5,753,619</u>	<u>14,975</u>	<u>14,258,638</u>
Business-type activities:				
Capital assets being depreciated:				
Land and land improvements	<u>\$ 153,493</u>	<u>6,000</u>	<u>-</u>	<u>159,493</u>
Total	<u>153,493</u>	<u>6,000</u>	<u>-</u>	<u>159,493</u>
Capital assets being depreciated:				
Buildings and improvements	324,649	-	-	324,649
Infrastructure	22,337,731	1,163,320	-	23,501,051
Machinery and equipment	<u>1,543,284</u>	<u>245,632</u>	<u>11,477</u>	<u>1,777,439</u>
Total	<u>24,205,664</u>	<u>1,408,952</u>	<u>11,477</u>	<u>25,603,139</u>
Less accumulated depreciation for:				
Buildings and improvements	(98,552)	(22,157)	-	(120,709)
Infrastructure	(5,022,641)	(559,269)	-	(5,581,910)
Machinery and equipment	(939,376)	(152,573)	(10,469)	(1,081,480)
Total	<u>(6,060,569)</u>	<u>(733,999)</u>	<u>(10,469)</u>	<u>(6,784,099)</u>
Capital assets being depreciated, net	<u>18,145,095</u>	<u>674,953</u>	<u>1,008</u>	<u>18,819,040</u>
Business-type activities capital assets, net	<u>\$18,298,588</u>	<u>680,953</u>	<u>1,008</u>	<u>18,978,533</u>

Capital assets in the statement of net assets also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$974,243.

Depreciation expense of governmental activities was charged to functions as follows:

General Government	\$ 61,830
Public Safety	37,368
Public Works	59,011
Parks and Recreation	122,645
Depreciation on capital assets of the City's internal service funds is charged to the various functions based on their usage of assets	<u>136,990</u>
Total	<u>\$ 417,844</u>

(6) Long-Term Debt

On November 9, 2004, the City issued \$4,040,000 in sales tax revenue bonds. The proceeds of the bonds were used to construct the City's new aquatic center. The bonds carry interest rates ranging from 2.00% to 5.00% and fully mature in the year 2024.

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Beginning Balance</u>
Lease revenue bonds	<u>\$ -</u>	<u>4,040,000</u>	<u>-</u>	<u>4,040,000</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(6) Long-Term Debt - Continued

The debt maturities are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2006	\$ 160,000	157,062	317,062
2007	160,000	153,863	313,863
2008	165,000	150,200	315,200
2009	175,000	145,950	320,950
2010	165,000	141,288	306,288
2011-2015	930,000	613,800	1,543,800
2016-2020	1,080,000	415,813	1,495,813
2021-2024	<u>1,205,000</u>	<u>143,331</u>	<u>1,348,331</u>
	<u>\$ 4,040,000</u>	<u>1,921,307</u>	<u>5,961,307</u>

(7) Compensated Absences, Accumulated Unpaid Vacation, Personal Leave Pay, Compensatory Time

It is the government's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. Vacation and compensatory leave are recorded as an expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the governmental-wide statements. A liability for unused vacation and compensatory leave is recorded in the governmental-wide statement of net assets.

(8) Retirement Plans

Plan Description

North Ogden City (City) contributes to the Local Governmental Contributory, Non-contributory, Public Safety Non-contributory and Firefighters' Retirement Systems, all cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Non-contributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

Funding Policy

In the Local Governmental Contributory System the City contributes a combined rate of 7.08% of covered salary, in the Non-contributory Retirement System the City is required to contribute 11.09% of its annual covered salary. The City contributes 19.08% to the Public Safety Non-contributory System based on covered wages. The contribution rate is actuarially determined. The contribution requirements of the System is authorized by statute and specified by the Board.

The City's contributions to the various systems for June 30, 2005, 2004 and 2003 were as follows:

A. Local Governmental System - Contributory

	<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$	3,967	3,457	3,350	Employer paid for employee contributions.
	4,681	3,233	2,613	Employer contributions.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(8) Retirement Plans - Continued

B Local Governmental System - Non-contributory

	<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$	1,399,857	1,282,922	1,291,603	Salary subject to retirement contributions.
	155,244	123,417	112,327	Employer contributions.

C. Public Safety with Social Security System - Non-contributory*

	<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$	110,726	92,260	79,286	Employer contributions.

*The Public Safety Contributory and Non-contributory Retirement systems are combined for financial statement disclosure.

D. Utah Firefighters' Retirement System

		<u>2005</u>	<u>2004</u>	<u>2003</u>	
Government	\$	-	13,598	21,405	Employer paid for employee contributions.
Agency		<u>22,596</u>	<u>8,451</u>	<u>-</u>	Employer paid for employee contributions.
	\$	<u>22,596</u>	<u>22,049</u>	<u>21,405</u>	

The above contributions were equal to the required contributions for each year.

(9) 401K Defined Contribution Plan

North Ogden City maintains a 401K Defined Contribution Pension Plan established July 1, 1993 to provide additional retirement benefits for its employees. At June 30, 2005, there were forty-four Plan members. Plan members make elective contributions to the Plan of 0% to 15% subject to certain limitations. The City makes an elective contribution each year as established by the City's Council. For June 30, 2005, the City's contribution was 3.00%. Plan provision and contribution requirements are established and may be amended by the City Council.

Plan members and the City's contributions are recognized in the period the contributions are due. Required contributions for the year were made.

(10) Deferred Revenue

Deferred revenue is comprised of the following:

2005 property taxes received in the fiscal year which will be used to finance the 2005-2006 fiscal year expenditures	\$ <u>147,671</u>
Contributions received by the City's capital improvement fund will be recognized as revenue only when the stated conditions for use have occurred	\$ <u>77,999</u>

(11) North Ogden Redevelopment Agency

The redevelopment agency (RDA) collected tax increments of \$260,640 and interest of \$1,053 for the year ended June 30, 2005, and paid \$-0- to other taxing agencies. The RDA has issued no bonds to finance costs associated with its project areas. The RDA paid \$178,318 to the City's general fund and \$18,272 to utility funds on debt. Total debt to utility funds was \$106,318 at June 30, 2005. The RDA has borrowed \$632,208 from the general fund.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(11) North Ogden Redevelopment Agency - Continued

During the year the RDA incurred the following expenditures:

Acquisition of property	\$ -
Site preparation, improvement and installation of public utilities or public improvements	80,000
Administrative	-
Interest	75,805
Debt service	<u>127,322</u>
Total expenditures	<u>\$ 283,127</u>

(12) Inter-fund Transfers

Transfer from general fund	\$(1,631,293)
Transfer to capital improvements	1,415,918
Transfer from capital improvements	(461,273)
Transfer to RDA special revenue fund	80,000
Transfer to MBA special revenue fund	461,273
Transfer from motor pool fund	(96,947)
Transfer to storm water fund	<u>232,322</u>
	<u>\$ -</u>

(13) Deficit Fund Balances

On June 30, 2005, the Special Revenue - RDA Fund had a deficit of \$597,463. The City hopes that future operations will eliminate this deficit.

(14) Expenditures Over Budget

One General Fund department, non-departmental, and the transfers exceeded budgeted expenditures for 2005. The expenditures of the Municipal Building Authority also exceeded budget due to the transfer of land to the general government.

(15) Budgetary Accounting and Tax Calendar

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. Budgets are required by the State of Utah for the general, special revenue, debt service and capital improvement funds. The legal level of control required by the State of Utah is at the department level. The City's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance.

The budget is prepared sometime between the 1st of March and the 1st of May. A tentative budget is presented by the City Manager to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than the first meeting in May. The tentative budget is public record and is available for inspection at the City Business Administration Department and the City Recorder's Office for at least ten days prior to adoption of the final budget. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing. The public hearing on the tentatively adopted budget is held prior to final adoption. Final adjustments are made to the tentative budget by the Council after the public hearing. The final budget is adopted by ordinance before June 22nd and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(15) Budgetary Accounting and Tax Calendar - Continued

In connection with budget adoption an annual tax ordinance establishing the tax rate is adopted before June 22nd and the City is to certify the tax rate to the County Auditor before June 22nd.

Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The above procedures are authorized by Utah Code Sections 10-6-109 through 10-6-135.

Property Tax Calendar

<u>Duties to be Completed</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
Lien date	59-2-103 59-2-1302	1/1
Taxing districts with June year end notify county commission of date, time and place of public hearing	59-2-919	3/1
County treasurer to settle taxes charged and collected for previous year	59-2-1365	3/31
Budget officer shall prepare and file with council a tentative budget	10-6-111	1 st scheduled council meeting in May
County assessor delivers roll to county auditor	59-2-924	6/1
Tax commission reports value of Centrally Assessed Property to counties	59-2-802	6/1
County assessor delivers to county auditor statement showing aggregate valuation of all taxable property	59-2-924	6/1
County auditor sends valuation, certified tax rate and levy work sheets to each taxing district	59-2-924	6/1
Taxing district must adopt a proposed tax rate, certify the rate and levy, and submit to county auditor	59-2-912	before 6/22
County to set proposed tax rates	59-2-909	6/22
Taxing districts adopt tentative budgets and notify county of intent to exceed certified tax rate	59-2-924(3)	6/22
County auditor to submit levy worksheets and supporting documentation to tax commission	59-2-913	6/22
Copy of final budget to state auditor within 30 days of adoption	10-6-118	9/17
County treasurer to mail tax notice	59-2-1317	11/1
County auditor delivers assessment roll with affidavit to tax commission	59-2-326	11/1
Payment and delinquency date	59-2-1331	11/30
Delinquency list published	59-2-1332.5	12/31

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2005

(16) Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

(17) Inter-Fund Receivables and Payables

Activity between funds that represents lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All other outstanding balances between funds are also reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(18) Risk Management

North Ogden City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. Deductibles on claims are paid for out of the department experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2005, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Notes to Required Supplementary Information

June 30, 2005

Budgeting and Budgetary Control

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2005

Revenues	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
General property taxes	\$ 1,133,848	1,159,701	1,155,217	(4,484)
Delinquent property taxes	40,400	40,400	36,712	(3,688)
Fees in lieu of taxes	232,300	232,300	245,687	13,387
General sales and use tax	1,298,542	1,298,542	1,414,811	116,269
Utility franchise tax	670,000	670,000	819,995	149,995
Total taxes	<u>3,375,090</u>	<u>3,400,943</u>	<u>3,672,422</u>	<u>271,479</u>
Licenses and permits:				
Business licenses	28,228	28,228	32,404	4,176
Building permits	204,700	204,700	185,937	(18,763)
Animal licenses	20,000	20,000	17,253	(2,747)
Total licenses and permits	<u>252,928</u>	<u>252,928</u>	<u>235,594</u>	<u>(17,334)</u>
Intergovernmental:				
State road allotment	559,637	559,637	451,879	(107,758)
State liquor law	7,327	7,327	8,177	850
Administrative fee - North View Fire Department	-	-	879	879
Total intergovernmental	<u>566,964</u>	<u>566,964</u>	<u>460,935</u>	<u>(106,029)</u>
Charges for services:				
Zoning and subdivision	15,115	15,115	16,189	1,074
Plan checking	80,000	80,000	76,725	(3,275)
Street and sidewalk repair	7,000	7,000	8,897	1,897
Escrow defaults	-	12,034	2,787	(9,247)
Recreation fees	65,000	65,000	48,063	(16,937)
Swimming pool fees	-	-	15,220	15,220
Cherry Days	10,000	10,000	14,041	4,041
Queen pageant	2,000	2,000	2,643	643
Little Miss Cherry Days	2,000	2,000	3,130	1,130
Adult league	5,000	5,000	-	(5,000)
Total charges for services	<u>186,115</u>	<u>198,149</u>	<u>187,695</u>	<u>(10,454)</u>
Fines and forfeitures	<u>150,000</u>	<u>150,000</u>	<u>153,582</u>	<u>3,582</u>
Other revenues:				
Interest on investments	96,540	96,540	108,895	12,355
Interest RDA	178,318	178,318	60,039	(118,279)
Rents	13,552	13,552	20,600	7,048
North View Community Center	950	950	3,109	2,159
Emergency preparedness	-	-	150	150
Cash (over and short)	-	-	(120)	(120)
Miscellaneous revenue	21,996	36,006	21,481	(14,525)
Reimbursement/janitor Community Center	-	-	10	10
Youth city council	2,000	2,000	1,843	(157)
Traffic school	8,000	8,000	26,675	18,675
Fire service impact fees	-	-	22,091	22,091
Administrative service fee to utility funds	102,356	102,356	102,356	-
Total other revenues	<u>423,712</u>	<u>437,722</u>	<u>367,129</u>	<u>(70,593)</u>
Total revenues	<u>4,954,809</u>	<u>5,006,706</u>	<u>5,077,357</u>	<u>70,651</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2005

	Budgeted Amounts			Variance
Expenditures	Original	Final	Actual	Favorable (Unfavorable)
General Government				
Legislative:				
Salaries - council	\$ 25,200	25,200	25,200	-
Benefits	2,694	2,694	2,472	222
Subscriptions and memberships	5,400	5,400	136	5,264
Travel and conventions	10,000	10,000	8,009	1,991
Public notices	1,500	1,500	-	1,500
Office supplies	1,000	1,000	3,240	(2,240)
Emergency preparedness	2,000	2,000	2,994	(994)
Capital	-	7,237	7,237	-
	47,794	55,031	49,288	5,743
Judicial:				
Salaries	56,558	56,558	63,623	(7,065)
Benefits	9,855	9,855	10,155	(300)
Subscriptions and memberships	100	100	25	75
Travel and training	2,000	2,000	1,403	597
Office supplies	700	700	812	(112)
Computer services	984	984	899	85
Telephone	900	900	449	451
Attorney services	7,620	7,620	7,523	97
Witness and jury fees	2,000	2,000	1,566	434
Warrants	4,500	1,500	1,172	328
Baliff	3,744	744	672	72
Contingency	-	7,000	-	7,000
Capital	1,500	1,500	1,020	480
	90,461	91,461	89,319	2,142
Administrative:				
Personnel service	308,488	308,488	299,944	8,544
Benefits	103,256	103,256	83,407	19,849
Uniform allowance	-	-	630	(630)
Subscriptions and memberships	2,000	2,000	3,364	(1,364)
Public notices	3,000	3,000	2,192	808
Travel and training	6,000	6,000	8,717	(2,717)
Office expense	14,000	14,000	15,496	(1,496)
Motor pool lease	5,251	5,251	5,251	-
Computer services	10,884	10,884	28,558	(17,674)
Equipment supplies	500	500	483	17
Telephone	14,000	14,000	14,262	(262)
Professional services	22,144	22,144	6,511	15,633
Engineer services	5,000	5,000	10,464	(5,464)
Planning and Board of Adjustments	-	-	1,210	(1,210)
Liability insurance deductibles	2,000	2,000	7,253	(5,253)
Newsletter	5,000	5,000	4,253	747
Services not classified	5,000	5,000	4,237	763
Sundry charges	-	-	7,878	(7,878)
Contingency	-	17,500	-	17,500
Capital	5,745	10,495	8,945	1,550
	512,268	534,518	513,055	21,463
Non-Departmental:				
Compensated absences	30,000	30,000	16,129	13,871
Unemployment	1,000	1,000	528	472
Financial audit	22,000	22,000	22,500	(500)
Telephone answering	4,200	4,200	1,549	2,651
Insurance and surety bonds	129,559	129,559	134,459	(4,900)

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			<u>Variance</u>
<u>Expenditures - Continued</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<u>General Government- Continued</u>				
Non-Departmental - Continued:				
Cobra administration	\$ 1,200	1,200	-	1,200
Employee assistance program	3,000	3,000	-	3,000
Community programs/public	12,000	12,000	6,549	5,451
Cherry Days	40,000	40,000	54,058	(14,058)
Queen pageant	13,500	13,500	11,877	1,623
Little Miss Cherry Days	5,800	5,800	6,074	(274)
Mayors public relations	7,500	7,500	2,244	5,256
Youth council	4,000	4,000	3,732	268
Homeland security	2,600	2,600	26,925	(24,325)
Business association	2,000	2,000	530	1,470
Bad debt expense	-	-	219	(219)
Miscellaneous	1,000	1,000	153	847
	<u>279,359</u>	<u>279,359</u>	<u>287,526</u>	<u>(8,167)</u>
Elections:				
Election judges	-	160	160	-
General government buildings:				
Building maintenance	26,000	66,993	59,942	7,051
Senior citizen building maintenance	12,000	62,548	45,492	17,056
	<u>38,000</u>	<u>129,541</u>	<u>105,434</u>	<u>24,107</u>
Total general government	<u>967,882</u>	<u>1,090,070</u>	<u>1,044,782</u>	<u>45,288</u>
<u>Public Safety</u>				
Police service:				
Salaries	726,853	726,853	734,884	(8,031)
Liquor salaries	5,000	5,000	-	5,000
Benefits	317,835	317,835	306,802	11,033
Uniform allowance	12,600	12,543	13,218	(675)
Subscriptions and memberships	916	916	739	177
Public notices	600	600	-	600
Travel and training	12,000	12,000	3,626	8,374
Office expense	6,933	6,933	7,046	(113)
Motor pool lease	129,902	129,902	129,902	-
Computer services	21,710	21,710	21,450	260
Equipment supplies	24,005	16,097	8,812	7,285
Telephone	17,928	17,928	26,561	(8,633)
Forensic services	10,886	10,886	10,728	158
Liquor education	2,000	2,000	604	1,396
Drug education	1,500	1,500	1,613	(113)
Traffic school	-	-	2,246	(2,246)
Strike force	7,908	1,908	-	1,908
Department supplies	7,000	7,057	1,815	5,242
Grants	-	-	3,000	(3,000)
Dispatch services	32,895	32,895	32,895	-
800 MGHZ radio fee	4,590	4,590	4,862	(272)
Services not classified	-	-	33	(33)
Capital	110,825	110,825	19,149	91,676
	<u>1,453,886</u>	<u>1,439,978</u>	<u>1,329,985</u>	<u>109,993</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2005

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>Expenditures - Continued</u>				
<u>Public Safety - Continued</u>				
Planning:				
Salaries	\$ 69,057	69,057	68,450	607
Benefits	17,815	17,815	12,692	5,123
Subscriptions and memberships	1,000	1,000	590	410
Public notices	3,000	3,000	2,078	922
Travel and training	5,000	5,000	790	4,210
Office supplies	3,000	3,000	2,245	755
Motor pool lease	533	533	533	-
Computer services	504	504	869	(365)
Equipment supplies	200	200	-	200
Telephone	800	800	572	228
Professional and technical services	-	-	10	(10)
Engineering	15,000	15,000	31,538	(16,538)
Planning Commission Board	2,000	2,000	-	2,000
Department supplies	550	550	372	178
Contingency	-	3,400	-	3,400
Equipment purchased	-	2,023	2,023	-
	<u>118,459</u>	<u>123,882</u>	<u>122,762</u>	<u>1,120</u>
Inspection:				
Salaries	155,366	155,366	155,594	(228)
Benefits	77,314	77,314	62,834	14,480
Uniform allowance	300	300	497	(197)
Subscriptions and memberships	500	500	466	34
Public notices	350	350	-	350
Travel and training	6,600	6,600	6,684	(84)
Office supplies	1,500	1,500	2,051	(551)
Motor pool lease	12,016	12,016	12,016	-
Computer services	756	756	1,512	(756)
Telephone	2,500	2,500	3,762	(1,262)
Professional/technical services	300	300	1,276	(976)
Department supplies	500	500	445	55
Equipment purchased	11,125	11,125	1,611	9,514
	<u>269,127</u>	<u>269,127</u>	<u>248,748</u>	<u>20,379</u>
Fire protection:				
Fee to North View Fire Department	<u>562,128</u>	<u>562,128</u>	<u>562,127</u>	<u>1</u>
Animal control:				
Salaries	30,216	30,216	29,317	899
Benefits	8,309	8,309	8,092	217
Uniform allowance	720	720	754	(34)
Travel and training	750	750	-	750
Office supplies	925	925	456	469
Motor pool lease	11,231	11,231	11,231	-
Computer services	500	500	332	168
Equipment supplies	450	450	264	186
Ogden County shelter	15,000	15,000	6,953	8,047
Supplies	975	975	38	937
Telephone	980	980	374	606
800 MGHZ radio fee	425	425	270	155
Capital outlay	34,450	34,450	13,890	20,560
	<u>104,931</u>	<u>104,931</u>	<u>71,971</u>	<u>32,960</u>
Total public safety	<u>2,508,531</u>	<u>2,500,046</u>	<u>2,335,593</u>	<u>164,453</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2005

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Streets and Highways</u>				
Salaries	\$ 204,838	204,838	195,227	9,611
Benefits	73,131	73,131	65,659	7,472
Uniform allowance	2,840	2,840	-	2,840
Travel and training	2,000	2,000	1,484	516
Office supplies	600	600	505	95
Motor pool lease	256,335	256,335	256,335	-
Computer services	940	940	3,693	(2,753)
Equipment supplies	2,500	2,500	1,560	940
Telephone	-	-	6,113	(6,113)
Utilities street lights	-	-	27,267	(27,267)
Engineering	-	-	26,907	(26,907)
Street maintenance	36,000	36,000	27,585	8,415
Crack seal	18,279	18,279	11,314	6,965
Sidewalk repairs	25,000	25,000	25,000	-
Department supplies	3,000	3,000	3,099	(99)
Snow removal	35,000	35,000	27,210	7,790
Street signs and signal lights	15,000	15,000	10,738	4,262
Paint supplies	20,000	20,000	11,439	8,561
Contingency	-	36,500	-	36,500
Purchase equipment	<u>123,770</u>	<u>123,770</u>	<u>1,245</u>	<u>122,525</u>
	<u>819,233</u>	<u>855,733</u>	<u>702,380</u>	<u>153,353</u>
 Total streets and highways	 <u>819,233</u>	 <u>855,733</u>	 <u>702,380</u>	 <u>153,353</u>
 <u>Parks and Recreation</u>				
<u>Parks department:</u>				
Salaries	151,865	151,865	169,453	(17,588)
Benefits	52,708	52,708	48,272	4,436
Subscriptions and memberships	850	850	-	850
Public notices	500	500	(495)	995
Travel and training	2,500	2,500	2,032	468
Office supplies	500	500	389	111
Motor pool lease	47,564	47,564	47,564	-
Equipment and building maintenance	5,500	5,500	2,473	3,027
Utilities and telephone	6,300	6,300	14,181	(7,881)
Professional services	200	200	2,915	(2,715)
Uniform maintenance	2,200	2,200	2,222	(22)
Field maintenance	3,100	3,100	3,201	(101)
Chemicals	3,000	3,000	3,623	(623)
Irrigation supplies	5,000	5,000	4,933	67
Department supplies	13,500	13,500	6,909	6,591
Forestry - tree removal	8,400	8,400	2,313	6,087
Equipment rent	1,000	1,000	343	657
Individual park expense	-	-	1,980	(1,980)
Christmas decorations	3,000	3,000	3,604	(604)
Contingency	-	27,110	-	27,110
Purchase equipment	<u>70,500</u>	<u>70,500</u>	<u>-</u>	<u>70,500</u>
	<u>378,187</u>	<u>405,297</u>	<u>315,912</u>	<u>89,385</u>
 Recreation department:				
Salaries	154,670	154,670	100,151	54,519
Benefits	46,785	46,785	20,455	26,330
Subscriptions and memberships	890	890	-	890
Printing and publications	1,500	1,500	2,462	(962)

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2005

	Budgeted Amounts			Variance
<u>Expenditures - Continued</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Parks and Recreation - Continued</u>				
Recreation department - continued:				
Travel and training	\$ 5,238	5,238	3,131	2,107
Office expense	3,850	3,850	3,489	361
Computer services	4,416	4,416	5,404	(988)
Building maintenance	4,350	4,350	4,450	(100)
Telephone	2,880	2,880	4,391	(1,511)
Utilities	1,500	1,500	2,611	(1,111)
Professional and technical services	2,500	2,500	300	2,200
Department supplies	2,250	2,250	901	1,349
Miscellaneous programs	2,184	1,584	2,362	(778)
Day camps	-	-	109	(109)
Insurance and surety bonds	-	-	846	(846)
Concession stand	500	500	232	268
Baseball - youth	24,026	24,026	21,306	2,720
Softball - youth	7,790	7,790	1,582	6,208
Softball - adult league	4,090	4,090	1,549	2,541
Volleyball - youth and adult	2,924	2,924	100	2,824
Football	17,276	17,276	6,677	10,599
Basketball - youth boys	21,188	21,188	9,422	11,766
Basketball - youth girls	2,677	2,677	2,856	(179)
Basketball - adults	2,517	2,517	100	2,417
Wall-runs	2,333	2,333	384	1,949
Special programs	13,651	12,751	11,435	1,316
Purchase equipment	<u>6,615</u>	<u>8,115</u>	<u>4,207</u>	<u>3,908</u>
	<u>338,600</u>	<u>338,600</u>	<u>210,912</u>	<u>127,688</u>
Swimming pool:				
Salaries	-	-	17,491	(17,491)
Benefits	-	-	3,880	(3,880)
Uniform allowance	-	-	790	(790)
Subscriptions and memberships	-	-	50	(50)
Travel and training	-	-	181	(181)
Office supplies	-	-	25	(25)
Equipment operation and maintenance	-	-	1,519	(1,519)
Computer services	-	-	321	(321)
Telephone	-	-	831	(831)
Utilities	-	-	2,021	(2,021)
Professional services	-	-	24	(24)
Department supplies	-	-	2,787	(2,787)
Contingency	-	78,000	-	78,000
Purchase equipment	<u>-</u>	<u>-</u>	<u>481</u>	<u>(481)</u>
	<u>-</u>	<u>78,000</u>	<u>30,401</u>	<u>47,599</u>
Total parks and recreation	<u>716,787</u>	<u>821,897</u>	<u>557,225</u>	<u>264,672</u>
Total expenditures	<u>5,012,433</u>	<u>5,267,746</u>	<u>4,639,980</u>	<u>627,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,624)</u>	<u>(261,040)</u>	<u>437,377</u>	<u>698,417</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Operating transfers (out)	\$ (259,051)	(1,336,003)	(1,631,293)	(295,290)
Sale of assets	20,000	20,000	117	(19,883)
Donations received	-	-	750	750
Grants	-	-	89,247	89,247
Total other financing sources (uses)	<u>(239,051)</u>	<u>(1,316,003)</u>	<u>(1,541,179)</u>	<u>(225,176)</u>
Net change in fund balances	(296,675)	(1,577,043)	(1,103,802)	473,241
Fund balance - beginning of year	<u>2,671,756</u>	<u>2,671,756</u>	<u>2,671,756</u>	-
Fund balance - end of year	<u>\$ 2,375,081</u>	<u>1,094,713</u>	<u>1,567,954</u>	<u>473,241</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CDBG Housing Rehabilitation

Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Housing rehabilitation loan payments	\$ -	-	3,580	3,580
Total revenues	-	-	3,580	3,580
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	3,580	3,580
Other financing sources (uses)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	3,580	3,580
Fund balance - beginning of year	5,833	5,833	5,833	-
Fund balance - end of year	\$ 5,833	5,833	9,413	3,580

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Municipal Building Authority

Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Barker Park land lease from capital improvement fund	\$ -	-	50,000	50,000
Other income	-	-	3,322	3,322
Total revenues	-	-	53,322	53,322
Expenditures:				
Sundry	-	-	150	(150)
Total expenditures	-	-	150	(150)
Excess (deficiency) of revenues over (under) expenditures	-	-	53,172	53,172
Other financing sources (uses):				
Land transfer to general government	-	-	(882,097)	(882,097)
Transfer in to close fund	-	-	461,273	461,273
Total other financing sources (uses)	-	-	(420,824)	(420,824)
Net change in fund balances	-	-	(367,652)	(367,652)
Fund balance - beginning of year	367,652	367,652	367,652	-
Fund balance - end of year	\$ 367,652	367,652	-	(367,652)

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Redevelopment Agency

Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 310,000	310,000	260,640	(49,360)
Interest income	-	-	1,053	1,053
Total revenues	<u>310,000</u>	<u>310,000</u>	<u>261,693</u>	<u>(48,307)</u>
Expenditures:				
Professional services	16,000	18,000	-	18,000
Engineering services	5,000	5,000	-	5,000
Sundry charges	-	80,000	80,000	-
Interest expense - other funds	-	-	69,268	(69,268)
Interest expense - bonds	-	-	75,805	(75,805)
Debt service - other funds	<u>211,449</u>	<u>211,449</u>	-	211,449
Total expenditures	<u>232,449</u>	<u>314,449</u>	<u>225,073</u>	<u>89,376</u>
Excess (deficiency) of revenues over (under) expenditures	77,551	(4,449)	36,620	41,069
Other financing sources (uses) - transfer in	-	-	<u>80,000</u>	<u>80,000</u>
Net change in fund balance	77,551	(4,449)	116,620	121,069
Fund balance (deficit) - beginning of year	<u>(714,083)</u>	<u>(714,083)</u>	<u>(714,083)</u>	-
Fund balance (deficit) - end of year	<u>\$ (636,532)</u>	<u>(718,532)</u>	<u>(597,463)</u>	<u>121,069</u>

OTHER SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Combining Statement of Net Assets
Internal Service Funds

June 30, 2005

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ <u>915,600</u>	<u>255,356</u>	<u>1,170,956</u>
Total current assets	<u>915,600</u>	<u>255,356</u>	<u>1,170,956</u>
Capital assets:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	1,580,455	475,403	2,055,858
Accumulated depreciation	<u>(1,166,418)</u>	<u>(252,762)</u>	<u>(1,419,180)</u>
Net capital assets	<u>751,602</u>	<u>222,641</u>	<u>974,243</u>
Total assets	<u>1,667,202</u>	<u>477,997</u>	<u>2,145,199</u>
Liabilities:			
Compensated absences payable	996	-	996
Wages payable	<u>1,561</u>	-	<u>1,561</u>
Total liabilities	<u>2,557</u>	-	<u>2,557</u>
Net assets:			
Investment in capital assets net of related debt	751,602	222,641	974,243
Unrestricted	<u>913,043</u>	<u>255,356</u>	<u>1,168,399</u>
Total net assets	<u>\$ 1,664,645</u>	<u>477,997</u>	<u>2,142,642</u>

NORTH OGDEN CITY

Combining Statement of Revenues, Expenses, and Changes in Net Assets Internal Service Funds

Year Ended June 30, 2005

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Revenues:			
Lease contracts:			
General fund	\$ 321,699	141,133	462,832
Water utility fund	65,590	-	65,590
Sewer utility fund	26,236	-	26,236
Storm water fund	13,840	-	13,840
Solid waste	4,373	-	4,373
Total lease contracts	<u>431,738</u>	<u>141,133</u>	<u>572,871</u>
Sale of materials and supplies	131	-	131
Total revenues	<u>431,869</u>	<u>141,133</u>	<u>573,002</u>
Expenses:			
Salaries	92,360	-	92,360
Compensated absences	(466)	-	(466)
Benefits	29,223	-	29,223
Utilities	8,888	-	8,888
Building maintenance	28,210	-	28,210
Travel and Training	1,189	-	1,189
Equipment O & M	131,870	6,279	138,149
Computer services	540	-	540
Telephone	2,240	-	2,240
Department supplies	7,310	-	7,310
Drug testing	1,050	-	1,050
Safety program	1,014	-	1,014
Depreciation	<u>107,090</u>	<u>61,710</u>	<u>168,800</u>
Total expenses	<u>410,518</u>	<u>67,989</u>	<u>478,507</u>
Income from operations	<u>21,351</u>	<u>73,144</u>	<u>94,495</u>
Other non-operating revenue (expenses):			
Sale of assets	-	10,755	10,755
Transfers from (to) other funds	<u>(89,634)</u>	<u>(7,313)</u>	<u>(96,947)</u>
Total non-operating revenue (expenses)	<u>(89,634)</u>	<u>3,442</u>	<u>(86,192)</u>
Change in net assets	(68,283)	76,586	8,303
Net assets - beginning of year	<u>1,732,928</u>	<u>401,411</u>	<u>2,134,339</u>
Net assets - end of year	<u>\$ 1,664,645</u>	<u>477,997</u>	<u>2,142,642</u>

NORTH OGDEN CITY

Combining Statement of Cash Flows
Internal Service Funds

June 30, 2005

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from vehicle rents from:			
General fund	\$ 321,699	141,133	462,832
Utility funds	110,039	-	110,039
Sale of materials and supplies	131	-	131
Payments for payroll and benefits	(120,023)	-	(120,023)
Payments for goods and services	<u>(182,311)</u>	<u>(6,279)</u>	<u>(188,590)</u>
Net cash provided by operating activities	<u>129,535</u>	<u>134,854</u>	<u>264,389</u>
Cash flows from capital and related financing activities:			
Payments to purchase equipment	(218,621)	(140,644)	(359,265)
Sale of equipment	<u>9,482</u>	<u>14,055</u>	<u>23,537</u>
Net cash used by capital and related financing activities	<u>(209,139)</u>	<u>(126,589)</u>	<u>(335,728)</u>
Cash flows from non-capital financing activities:			
Transfer between funds	<u>(89,634)</u>	<u>(7,313)</u>	<u>(96,947)</u>
Net cash used by non-capital financing activities	<u>(89,634)</u>	<u>(7,313)</u>	<u>(96,947)</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and equivalents	(169,238)	952	(168,286)
Cash and cash equivalents - beginning of year	<u>1,084,838</u>	<u>254,404</u>	<u>1,339,242</u>
Cash and cash equivalents - end of year	<u>\$ 915,600</u>	<u>255,356</u>	<u>1,170,956</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income	\$ 21,351	73,144	94,495
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	107,090	61,710	168,800
(Decrease) increase in compensated absences or accounts payable	<u>1,094</u>	<u>-</u>	<u>1,094</u>
Total adjustments	<u>108,184</u>	<u>61,710</u>	<u>169,894</u>
Net cash provided by operating activities	<u>\$ 129,535</u>	<u>134,854</u>	<u>264,389</u>
Noncash investing, capital and financing activities:	<u>\$ -</u>	<u>-</u>	<u>-</u>

See independent auditors' report and notes to financial statements.

Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the financial statements of North Ogden City as of and for the year ended June 30, 2005, and have issued our report thereon dated December 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether North Ogden City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered North Ogden City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Mayor, City Council and oversight awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Crane, Christensen & Ambrose P.C.

December 9, 2005



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditors' Legal Compliance Report

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the financial statements of North Ogden City for the year ended June 30, 2005 and have issued our report thereon dated December 9, 2005. Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax limitations
- Liquor Law Enforcement
- Justice Courts
- B & C Road Funds
- Department of Commerce General Compliance
- Other Compliance Requirements
- Impact Fees and Other Development Fees

The City received the following non-major State grants which are not required to be audited for specific compliance requirements (however, these programs were subject to test work as part of the audit of the City):

Local Law Enforcement Block Grant (Commission on Criminal and Juvenile Justice)

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those requirements require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are outlined on the accompanying schedule of findings and questioned costs.

In our opinion, North Ogden City complied, except as disclosed above, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2005.

Crane, Christensen & Ambrose P.C.

December 9, 2005

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NORTH OGDEN CITY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

PROGRAM: BUDGETARY COMPLIANCE

FINDING: Two departments expenditures and those of the MBA Fund exceeded budgeted amounts for the year.

QUESTIONED COSTS: None

RECOMMENDATION: The City should operate within the parameters of its annual adopted budget.

CITY'S REPLY: The departments overages were the result of year-end accruals that were not anticipated early enough to amend the budget. The overage in the MBA resulted from the transfer of land to general government so the fund could be closed. The City will monitor its budget more closely in the future.

PROGRAM: TRUTH IN TAXATION-PROPERTY TAX LIMITATION

FINDING: The budgeted amount on Form TC-693 is less than the amount budgeted for property tax revenue.

QUESTIONED COSTS: None

RECOMMENDATION: The City should take steps to make sure that the final adopted budget reflects the amount reported on Form TC-693.

CITY'S REPLY: The budget revenue from property tax is prepared and approved prior to Form TC-693 preparation. The City has chosen not to increase its levy for property tax above that certified by the county on Form 713. The original budget was not amended to reflect this change. It will be in the future if necessary.

PROGRAM: IMPACT FEES

FINDING: The City was not able to produce reports on each impact fee collected showing the required information.

QUESTIONED COSTS: None

RECOMMENDATION: Locate or recreate the necessary reports documenting impact fees.

CITY'S REPLY: Due to changes in employees of the City, prior prepared reports were not able to be located and updated. If these reports are not located, they will be recreated as required.

PROGRAM: GENERAL

FINDING: The fund balance of the City's redevelopment agency is in a deficit position.

QUESTIONED COSTS: None

RECOMMENDATION: The City should take steps to retire this deficit as quickly as possible.

CITY'S REPLY: The City will take steps to retire the deficit as quickly as possible.

NORTH OGDEN CITY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

PROGRAM: B & C ROAD COMPLIANCE

FINDING: Not all advertisements for bids on B & C Roads were published for at least three consecutive weeks.

QUESTIONED COSTS: None

RECOMMENDATION: Establish procedure to insure that all advertisement for bids on B & C projects are published at least three consecutive weeks.

CITY'S REPLY: The City will do the required publication in the future.